



# Reaching Zambians at the Last Mile with Digital Financial Services

## Introduction

Zambians living in remote areas with poor digital and financial infrastructure have limited access to mobile money and other digital finance services (DFS).

In addition, digital products or services are often not tailored to meet their specific needs. This hinders the ability of Zambians living in rural areas to be economically active and improve their livelihoods by conducting financial transactions, and accessing services such as solar power, microloans, insurance etc.



Airtel Zambia has identified many remote and underserved communities in the Copperbelt, Luapula, Lusaka, Northern, North Western and Southern and Western Provinces where active use of digital financial services is very low (ranging between 14 percent to 16 percent). Low use of DFS may be attributed to an absence of or inadequate digital and financial infrastructure, a lack of relevant product offerings (use-cases) to the target segments or the mere fact of living in an underserved community or area. DFS, agents and merchants, such as schools and shops, are often concentrated in urban areas where they are more likely to be profitable, but this marginalizes the rural population. In addition, Zambians living in these areas also lack digital and financial literacy, which is a significant barrier to using DFS.

## How can Airtel and UNCDF help solve the challenges faced at the last mile?

UNCDF partners with digital finance providers such as Airtel in Zambia to effectively reach underserved populations with products and services tailored to their needs. This is key to

promote financial inclusion and to enhance the skills required to navigate a digital economy.

Airtel Zambia aims to improve and expand its digital inclusion services and products. This includes improving its infrastructure, increasing the number of Airtel Money agents and merchants to reach customers at the last mile.

In addition to this, Airtel aims to improve agent liquidity, both electronic value- and cash, to enable its agents to better serve their customers. Agents can serve their customers on an ongoing basis without having to turn them away due to lack of float. Solving agents' liquidity issues increases the number of transactions and has a positive impact on the agents' profitability, which in turn boosts the confidence in the services offered and encourages customers to continue using the Airtel Money services.

## How will the Last Mile Distribution Project be implemented?

With a grant and technical support from UNCDF, Airtel will increase its digital finance touchpoints by installing more Airtel Money branches (AMB) and Agent booths or Kiosks in the pilot communities. The digital finance provider will bring DFS to the heart of communities by identifying reputable members of rural communities to serve as agents and merchants. In addition, Airtel will improve the SIM registration infrastructure to enable potential customers to enrol onto the Airtel GSM network and the Airtel money service.

To enable customers to achieve more from the use of its services and improve their digital and financial skills, Airtel and UNCDF will enhance digital and financial literacy by developing or adapting suitable tools. With new digital skills, customers will be empowered to leverage a broader range of digital services such as the one accessible with Airtel Money.

The project will be implemented over a period of 12 months, and aims to achieve the following targets, among others:

- 30,000 (18,000 women) Newly enrolled and active Airtel Money customers;
- 50 New active merchants;
- 350 New active agents.

The 2020 FinScope Survey states 32.1 percent of women are financially excluded. The collaboration between UNCDF and Airtel aims to include more women in digital and financial services to enable them to earn, grow and use their money and contribute to the growing Zambian digital economy.

Furthermore, the Bank of Zambia 2020 FinScope Survey reports rural financial inclusion to be 56.9 percent compared to 83.8 percent urban financial inclusion. Bringing digital financial services closer to those in rural areas will improve rural financial inclusion and enable rural populations to be more economically active. It will also enable them to access digital services that can uplift their lives to strengthen their communities, improve their livelihood and thus contribute to the achievement of the Sustainable Development Goals.



For more information, please contact:  
Isaac Holly, UNCDF Country Lead (Zambia)  
Inclusive Digital Economies - IDE  
[isaac.holly@uncdf.org](mailto:isaac.holly@uncdf.org)

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